

7 April 2023

## Global Markets Research

### Daily Market Highlights

## 7 April: Soft labour market data in focus

**Tech stocks lifted Wall Street despite signs of softer labour market**

**Global bonds traded mixed; 2Y UST topped 3.83% while the DXY ended flat**

**China Caixin services PMI shot up to 57.8, highest since November 2020**

- Tech stocks lifted Wall Street as the market wrapped up the short trading week on a high note despite signs of a weakening labor market. The S&P 500 rose 0.4% d/d, tech-heavy Nasdaq Composite outperformed with a 0.8% d/d gain boosted by Alphabet and Microsoft shares, while the Dow Jones Industrial Average closed just above the flatline. St. Louis President James Bullard said that he does not think tighter credit conditions stemming from the bank turmoil will tip the economy into recession. In Europe, Stoxx 600 and FTSE 100 closed up 0.5% and 1.0% d/d, with the latter seeing financial, insurance and energy stocks trading higher. In Asia, Nikkei 225 slid 1.2% d/d, but Hang Seng traded up 0.3% d/d.
- The 2Y UST yield topped 3.83%, gaining 5bps, while the benchmark 10Y dropped for the 7<sup>th</sup> consecutive session, trading near 3.31%, down by less than 1bps. The 10Y European bond yields traded mixed, closing the day between -3bps to +2bps.
- The Dollar Index closed just below the flatline at 101.82 in thin trading ahead of the pivotal non-farm payroll and long weekend. GBP weakened 0.2% d/d, while EUR gained 0.2% d/d. In Asia, JPY weakened 0.4% d/d, while CNH closed slightly stronger by less than 0.1% d/d. MYR was flattish at 4.3980 but SGD weakened 0.2% d/d to 1.3305.
- Oil prices were little changed, trading between 0.1-0.2% d/d higher as markets weighed further production cuts targeted by OPEC+ and falling US oil inventories against fears over a global economic slowdown. Safe-haven gold eased 0.5% d/d as the US economy showed signs of softening.

### China Caixin services PMI shot up to 57.8, highest since November 2020

- Caixin China General Services Business Activity Index rose more than expected to 57.8 in March (Feb: 55.0), a high not seen since November 2020 following the Covid-19 policy shift. More importantly, expectations for future activity remained significantly higher than the long-term average although it slipped slightly for the second straight month.
- The headline S&P Global Hong Kong SAR PMI slipped slightly to 53.5 in March (Feb: 53.9). Despite the easing of growth momentum, this remained historically elevated, reaping the benefits of the reopening of borders and solid demand growth. That said, input cost inflation picked up and wage inflation is at the highest since 2013.

### Key Market Metrics

	Level	d/d (%)
<b>Equities</b>		
Dow Jones	33,485.29	0.01
S&P 500	4,105.02	0.36
NASDAQ	12,087.96	0.76
Stoxx Eur 600	458.94	0.51
FTSE 100	7,741.56	1.03
Nikkei 225	27,472.63	-1.22
Hang Seng	20,331.20	0.28
Straits Times	3,300.48	-0.55
KLCI 30	1,424.89	-0.33
<b>FX</b>		
Dollar Index	101.82	-0.03
EUR/USD	1.0922	0.17
GBP/USD	1.2440	-0.18
USD/JPY	131.78	0.35
AUD/USD	0.6672	-0.71
USD/CNH	6.8823	-0.05
USD/MYR	4.3980	-0.03
USD/SGD	1.3305	0.20
<b>Commodities</b>		
WTI (\$/bbl)	80.70	0.11
Brent (\$/bbl)	85.12	0.15
Gold (\$/oz)	2,011.90	-0.45
Copper (\$\$/MT)	8,800.00	0.20
Aluminum(\$/MT)	2,333.50	0.00
CPO (RM/tonne)	4,238.50	-0.22

Source: Bloomberg, HLBB Global Markets Research

### US Challenger job cuts rose 15.3% m/m, 319.4% y/y

- According to Challenger, Gray & Christmas Inc, job cuts jumped 15.3% m/m and 319.4% y/y to 89.7k in March (Feb: -24.5% m/m and +410.1% y/y to 77.8k). The technology sector led job cuts, accounting for 38% of the total. For the whole of 1Q, employers announced 270.4k job cuts, the highest 1Q total since 2020. Moving forward, large-scale layoffs are expected to continue as companies approach 2023 with caution and companies rein in costs.
- Jobless claims fell 18k to 228k for the week ended April 1 (March 25: -1k to upwardly revised 246k). Consensus had anticipated claims to increase to 200k from its first estimate of 198k for the week ending March 25. Continuing claims, on the other hand, rose 6k to 1823k for the week ended March 25 (Mar 18: +13k to 1817k). The methodology used to seasonally adjust the national initial claims and continued claims reflected a change in the estimation of the models this week.

### Australia's trade surplus widened to A\$13.9tn

- Trade surplus unexpectedly widened to A\$13.9tn (Feb: A\$11.3tn) as the contraction in imports outpaced exports at -9.1% m/m (Feb: +1.4% m/m) and -2.9% m/m (Feb: +5.5% m/m) respectively. The big drop in imports was driven by slower domestic demand for non-industrial transport equipment, while exports fell because of metal ores and minerals.

### House View and Forecasts

FX	This Week	2Q-23	3Q-23	4Q-23	1Q-24
DXY	101-103	100.97	99.96	97.96	96.98
EUR/USD	1.08-1.10	1.10	1.11	1.12	1.13
GBP/USD	1.22-1.25	1.24	1.25	1.24	1.24
USD/JPY	130-134	131	130	128	128
AUD/USD	0.66-0.68	0.68	0.68	0.69	0.70
USD/MYR	4.38-4.44	4.39	4.35	4.31	4.28
USD/SGD	1.32-1.34	1.31	1.30	1.27	1.26

Rates, %	Current	2Q-23	3Q-23	4Q-23	1Q-24
Fed	4.75-5.00	5.00-5.25	5.00-5.25	5.00-5.25	5.00-5.25
ECB	3.50	4.00	4.00	4.00	4.00
BOE	4.25	4.25	4.25	4.25	4.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	3.60	3.60	3.60	3.60	3.60
BNM	2.75	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

### Up Next

Date	Events	Prior
7-April	JN Labor Cash Earnings YoY (Feb)	0.80%
	JN Household Spending YoY (Feb)	-0.30%
	JN Leading Index CI	96.6
	MA Foreign Reserves	\$114.0b
	US Change in Nonfarm Payrolls (Mar)	311k
	US Unemployment Rate (Mar)	3.60%
	US Average Hourly Earnings MoM (Mar)	0.20%
	US Average Weekly Hours All Employees (Mar)	34.5
10-April	JN Trade Balance BoP Basis (Feb)	-¥3181.8b
	JN Consumer Confidence Index (Mar)	31.1
	JN Eco Watchers Survey Outlook SA (Mar)	50.8
	US Wholesale Trade Sales MoM (Feb)	1.00%
	US Wholesale Inventories MoM (Feb F)	0.20%

Source: Bloomberg

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